

INITIAL STATEMENT OF REASONS

- a) **Specific Purpose of the Regulations and Factual Basis for Determination that Regulations Are Necessary**

Section 44-316.311 (SAR)(d)

Specific Purpose:

This section is being adopted to specify that County Welfare Departments (CWDs) are prohibited from assessing an overpayment (OP) the month following a change in income over the Income Reporting Threshold (IRT) for a California Work Opportunity and Responsibility to Kids (CalWORKs) recipient if the recipient has reported the change and the county was unable, before the first of the month following the change, to provide 10-day notice of the termination or reduction of benefits.

Factual Basis:

This adoption is necessary to comply with the Welfare and Institution Code (WIC) section 11265.3(e)(1)(C) as amended by Assembly Bill (AB) 2062 (Chapter 795, Statutes of 2016), which established the policy above. This regulation is a substantial duplication of the WIC section 11265.3(e)(1)(C) and is necessary to provide clear program requirements to the CWDs that administer the Welfare-to-Work (WTW) Program at the local level. Further, the CWDs rely solely on California Department of Social Services' (CDSS) Manual of Policies and Procedures (MPP) Eligibility and Assistance Manual of program regulations to develop local procedures and rules.

Section 44-316.311(AR/CO)(d)

Specific Purpose:

This section is being adopted to specify that CWDs are prohibited from assessing an OP the month following a change in income over IRT or household composition for a CalWORKs Assistance Unit (AU) that does not include an eligible adult if the recipient has reported the change and the county was unable, before the first of the month following the change, to provide 10-day notice of the termination or reduction of benefits.

Factual Basis:

This adoption is necessary to comply with WIC section 11265.47(d)(1)(C) as amended by AB 2062, which established the above policy. This regulation is a substantial duplication of WIC section 11265.47(d)(1)(C) and is necessary to

provide clear program requirements to the CWDs that administer the WTW Program at the local level. Further, the CWDs rely solely on CDSS' MPP Eligibility and Assistance Manual of program regulations to develop local procedures and rules.

Section 44-350.5 (SAR).51

Specific Purpose/Factual Basis:

This section is being renumbered to Section 44-350.5 (SAR).51 from Section 44-350.5 (SAR) to clarify the outline due to the addition of (SAR).52 below.

Section 44-350.5 (SAR).52

Specific Purpose:

This section is being adopted to specify that CWDs are prohibited from assessing an OP the month following a change in income over the IRT for a CalWORKs recipient if the recipient has reported the change and the county was unable, before the first of the month following the change, to provide 10-day notice of the termination or reduction of benefits.

Factual Basis:

This adoption is necessary to comply with WIC section 11265.3(e)(1)(C) as amended by AB 2062, which established the above policy. This regulation is a substantial duplication of the WIC section 11265.3(e)(1)(C) and is necessary to provide clear program requirements to the CWDs that administer the WTW Program at the local level. Further, the CWDs rely solely on CDSS' MPP Eligibility and Assistance Manual of program regulations to develop local procedures and rules.

Section 44-350.5 (AR/CO).51

Specific Purpose/Factual Basis:

This section is being renumbered to Section 44-350.5 (AR/CO).51 from Section 44-350.5 (AR/CO) to clarify the outline due to the addition of (AR/CO).52 below.

Section 44-350.5 (AR/CO).52

Specific Purpose:

This section is being adopted to specify that CWDs are prohibited from assessing an OP the month following a change in income over IRT of household composition for a CalWORKs AU that does not include an eligible adult if the recipient has reported the change and the county was unable, before the first of the month following the change, to provide 10-day notice of the termination or reduction of benefits.

Factual Basis:

This adoption is necessary to comply with WIC section 11265.47(d)(1)(C) as amended by AB 2062, which established the above policy. This regulation is a substantial duplication of WIC section 11265.47(d)(1)(C) and is necessary to provide clear program requirements to the CWDs that administer the WTW at the local level. Further, the CWDs rely solely on CDSS' MPP Eligibility and Assistance Manual of program regulations to develop local procedures and rules.

b) Identification of Documents Upon Which Department Is Relying

AB 2062 (Chapter 795, Statutes of 2016)

c) Local Mandate Statement

These regulations do impose a mandate on local agencies, but not on local school districts. There are no reimbursable state-mandated costs under Section 17500 et seq. of the Government Code, because these regulations only make changes to an existing administrative process and system configuration updates.

d) Statement of Alternatives Considered

In developing the regulatory action, CDSS considered the following alternatives with the following results: No alternatives have been presented for review.

The CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

e) **Statement of Significant Adverse Economic Impact On Business**

The CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This determination was made based on the fact that these regulation changes are only applicable to CWDs.

f) **Economic Impact Assessment [Government Code section 11346.3(b)]**

In accordance with Government Code section 11346.3(b), CDSS has made the following assessments regarding the proposed regulations. This analysis is intended to be a tool or baseline to establish that these regulatory measures are the most cost-effective to affected California enterprises and equally effective in implementing the statutory policy or other provision of law.

The CDSS is amending the regulations to provide counties with guidance on the statutory requirements of WIC sections 11265.3(e)(1)(C) and 11265.47(d)(1)(C) which were amended with the enactment of AB 2062.

Creation or elimination of jobs within California

The proposed regulations include changes to the benefit redetermination for income or household composition reporting. The amendment will provide guidance to CWDs to the regulation requirements of AB 2062 that will prohibit CWDs from assessing an OP the month following a change in income over the IRT for a CalWORKs recipient, or following a change in income over IRT or household composition for a CalWORKs AU that does not include an eligible adult, if the recipient has reported the change and the county was unable, before the first of the month following the change, to provide 10-day notice of the termination or reduction of benefits.

The proposed regulations only pertain to current clients and AUs in the CalWORKs program. Therefore, the CDSS has determined that this regulatory proposal will not result in the creation or elimination of existing jobs in the State of California.

Creation of New or Elimination of Existing Businesses Within the State of California

The proposed regulations include changes to the benefit redetermination for income or household composition reporting. The amendment will provide guidance to CWDs to the regulation requirements of AB 2062 that will prohibit CWDs from assessing an OP the month following a change in income over the IRT for a CalWORKs recipient, or following a change in income over IRT of household composition for a CalWORKs AU that does not include an eligible adult, if the recipient has reported the change and the county was unable, before

the first of the month following the change, to provide 10-day notice of the termination or reduction of benefits.

The proposed regulations only pertain to current clients and AUs in the CalWORKs program. Therefore, the CDSS has determined that this regulatory proposal will not result in the creation or elimination of existing businesses in the State of California.

Expansion of businesses currently doing business with the State

The proposed regulations include changes to the benefit redetermination for income or household composition reporting. The proposed regulations only pertain to current clients and AUs in the CalWORKs program. Therefore, the CDSS has determined that this regulatory proposal will not result in the expansion or elimination of existing businesses in the State of California.

Benefits of the regulations

The benefits of the regulatory action to the health and welfare of California residents, worker safety, and the state's environment are as follows: The amendments to the CalWORKs regulations as required by AB 2062 will benefit the health and welfare of CalWORKs recipients by eliminating a rule that currently results in unavoidable debt accrual for recipients. This change may positively impact these clients' lives and could help them make the move towards self-sufficiency more successfully. Furthermore, the regulation changes required by AB 2062 removed a disincentive for CalWORKs clients to find employment as previous law required a county to issue an OP when a CalWORKs client started working and reported the change in income in a timely notice but the county was unable to issue a 10-day notice. There is no effect on worker safety, and the state's environment as the result of the proposed regulations because the regulations only affect individuals participating in the CalWORKs program.

Documents Relied Upon

AB 2062 (Chapter 795, Statutes of 2016)

g) Benefits Anticipated from Regulatory Action

The amendments to the CalWORKs regulations as required by AB 2062 will benefit the health and welfare of CalWORKs recipients by eliminating a rule that currently results in unavoidable debt accrual for recipients. This change may positively impact these clients' lives and could help them make the move towards self-sufficiency more successfully. Furthermore, the regulation changes required by AB 2062 removed a disincentive for CalWORKs clients to find employment as previous law required a county to issue an OP when a CalWORKs client started working and reported the change in income in a timely notice but the county was unable to issue a 10-day notice. There is no effect on worker safety, and the state's environment as the result of the proposed regulations because the regulations only affect individuals participating in the CalWORKs program.

h) Statement of Specific Technology or Equipment

This regulatory action will not mandate the use of new, specific technologies or equipment. The proposed regulations will make technical and conforming changes in order to comply with AB 2062. AB 2062 prohibits counties from assessing an OP for a CalWORKs program recipient reported the change and the county was unable, before the first of the month following the change in income, to provide 10-day notice of the termination or reduction in benefits. For CalWORKs cases in which only the child or children in the household are aided, AB 2062 additionally prohibits counties from assessing an OP for a change in household composition if the recipient reported the change and the county was unable, before the first of the month following the change in income, to provide 10-day notice of the termination or reduction of benefits.